

## Downsizing Guidelines

Downsizing impacts peoples' lives as well as the affected organization's reputation and survival. While there are many variables that impact an organization's decision to downsize, a structured approach to layoffs will ensure that the appropriate steps are followed in this sensitive process:

- Does the employer have an accurate picture of the organization's financial health? Are the numbers reliable, taking into account deferred business, reorders, and upcoming contracts?
- Have the organization's business objectives been set for the next 24 months? Identify how layoffs will affect those goals.
- Examine results of previous layoffs—what worked well and what did not?
- Consider alternatives to layoffs (i.e., pay cuts, voluntary use of vacation, hiring freezes, reduced hours, and voluntary separations). Are there other projects, maintenance-type duties, building tasks, grounds clean-up, or painting and remodeling for workers to complete on a temporary basis? Some organizations are "lending" employees to community service agencies, allowing the employees to remain on the payroll.
- Is the business dependent on another closely allied industry? If so, has the employer researched to find out what is happening in the area? Perhaps a major upturn is in the works that would allow the employer to defer any workforce reductions.

After careful analysis, a reduction in the workforce may be in the organization's best interests. The organization must decide which positions are most expendable or which functions can effectively be combined. The criteria to be used to select those to be reduced must be established and closely followed.

When the final decisions are made, the downsizing needs to be orchestrated with surgical precision. Every situation and possible reaction needs to be addressed with the most thorough "what if" possibilities fully discussed. An employer may want legal counsel to review the organization's course of action to avert any potential legal challenges.

For many organizations, layoffs had been unheard of and these may be the first in their history. This is a gut-wrenching experience that demands careful attention to help everyone affected by the actions. It is natural to focus on those who are laid off and rightly so, but what about the survivors?

Here are some ideas to help move ahead successfully after downsizing:

- Communicate with everyone immediately and share as much information as possible—good news and bad news. Emphasize the health of the business.
- Treat laid-off workers fairly.
  - Consider allowing people affected by the layoff to speak with coworkers before they leave. Most people handle this with dignity and they need to say goodbye to those with whom they have worked.
  - Be as generous as possible with severance arrangements to assure people will be able to make ends meet.
  - Offer outplacement services to those who are laid-off. This provides help in locating new opportunities as soon as possible as well as the needed organization and support to conduct a good job search.
  - Inform laid off workers about their benefits and recall possibilities.
- Have a clear plan for reorganization and call for action. Be positive. Your job is to create stability and an environment where success can happen.
- Encourage people to talk and provide open and honest answers to all questions. After downsizing, survivors need to process and get past the changes by talking about them.
- If you have an employee assistance program, encourage employees to take advantage of it if they feel stressed.
- If there is uncertainty, do not be overly optimistic. Promising there will be no more layoffs and then doing the opposite because of further business necessity will cause a credibility problem.

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- Most of all, communicate often after downsizing to keep everyone up to date. This will eliminate surprises in the future and help people plan for difficult situations.

Following these simple suggestions will minimize the negative affects of downsizing and assure that there is a perception of fairness in difficult times.